

TOWNSHIP OF CASE
Presque Isle County, Michigan
GENERAL PURPOSE FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Year Ended March 31, 2004

AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Case	County Presque Isle
Audit Date March 31, 2004	Opinion Date July 19, 2004	Date Accountant Report Submitted to State: July 19, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government promulgated by the Michigan Department of Treasury.

RECEIVED
DEPT. OF TREASURY

SEP - 2 2004

LOCAL AUDIT & FINANCE DIV.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.			
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686			
City Bay City	State MI	Zip 48707	
Accountant Signature Campbell, Kusterer & Co., P.C.			

TOWNSHIP OF CASE
Presque Isle County, Michigan

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1
General Purpose Financial Statements:		
Combined Balance Sheet – All Fund Types and Account Groups	A	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types	B	3-4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	C	5-6
Notes to Financial Statements		7-12
Supplementary Information:		
General Fund Expenditures by Detailed Account	D	13-14
Current Tax Collection Fund Statement of Changes in Assets and Liabilities	E	15
Current Tax Collection Fund Statement of Cash Receipts and Disbursements	F	16

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

INDEPENDENT AUDITOR'S REPORT

July 19, 2004

To the Township Board
Township of Case
Presque Isle County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Case, Presque Isle County, Michigan, as of March 31, 2004, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Case's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Case, Presque Isle County, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Case, Presque Isle County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Campbell, Kusterer & Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.
Certified Public Accountants.

TOWNSHIP OF CASE
Presque Isle County, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
March 31, 2004

EXHIBIT A

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Group</u>	<u>Total</u>
	<u>General</u>	<u>Agency</u>	<u>General Fixed Assets</u>	<u>(Memorandum Only)</u>
<u>Assets</u>				
Cash in bank	256 591 87	22 44	-	256 614 31
Taxes receivable	14 136 56	-	-	14 136 56
Due from other funds	22 44	-	-	22 44
Land	-	-	18 945 08	18 945 08
Buildings	-	-	144 351 29	144 351 29
Equipment	-	-	248 292 86	248 292 86
Total Assets	<u>270 750 87</u>	<u>22 44</u>	<u>411 589 23</u>	<u>682 362 54</u>
<u>Liabilities and Fund Equity</u>				
Liabilities:				
Due to other funds	-	22 44	-	22 44
Total liabilities	<u>-</u>	<u>22 44</u>	<u>-</u>	<u>22 44</u>
Fund equity:				
Investment in general fixed assets	-	-	411 589 23	411 589 23
Fund balances:				
Unreserved:				
Undesignated	270 750 87	-	-	270 750 87
Total fund equity	<u>270 750 87</u>	<u>-</u>	<u>411 589 23</u>	<u>682 340 10</u>
Total Liabilities and Fund Equity	<u>270 750 87</u>	<u>22 44</u>	<u>411 589 23</u>	<u>682 362 54</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASE
Presque Isle County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 1

	Total (Memorandum Only) General Fund
Revenues:	
Property taxes	
Other taxes	78 026 62
State revenue sharing	6 398 16
Charges for services – PTAF	48 258 00
Charges for services – cemetery	12 249 82
Charges for services – fire	4 250 00
Interest	5 677 00
Miscellaneous	1 791 21
	<u>254 88</u>
Total revenues	<u>156 905 69</u>
Expenditures:	
Legislative:	
Township Board	
General government:	3 333 81
Supervisor	
Elections	4 306 17
Assessor	545 20
Clerk	27 150 04
Board of Review	5 199 98
Treasurer	1 177 75
Building and grounds	13 690 36
Cemetery	12 546 83
Unallocated	12 265 00
Public safety:	3 972 38
Fire protection	
First responders	20 397 67
Ambulance	970 94
Public works:	10 936 06
Highways and streets	
Other:	12 340 09
Pension	
Capital outlay	2 568 33
	<u>1 701 48</u>
Total expenditures	<u>133 102 09</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASE
Presque Isle County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B
Page 2

	Total (Memorandum Only) <u>General Fund</u>
Excess of revenues over expenditures	23 803 60
Fund balance, April 1	<u>246 947 27</u>
Fund Balance, March 31	<u>270 750 87</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASE
Presque Isle County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

Year Ended March 31, 2004

EXHIBIT C
Page 1

	General Fund		
	Budget	Actual	Over (Under) Budget
Revenues:			
Property taxes	76 019 00	78 026 62	2 007 62
Other taxes	6 400 00	6 398 16	(1 84)
State revenue sharing	40 000 00	48 258 00	8 258 00
Charges for services – PTAF	8 000 00	12 249 82	4 249 82
Charges for services – cemetery	4 450 00	4 250 00	(200 00)
Charges for services – fire	5 600 00	5 677 00	77 00
Interest	1 500 00	1 791 21	291 21
Miscellaneous	-	254 88	254 88
Total revenues	<u>141 969 00</u>	<u>156 905 69</u>	<u>14 936 69</u>
Expenditures:			
Legislative:			
Township Board	4 300 00	3 333 81	(966 19)
General government:			
Supervisor	4 500 00	4 306 17	(193 83)
Elections	860 00	545 20	(314 80)
Assessor	25 625 00	27 150 04	1 525 04
Clerk	5 520 00	5 199 98	(320 02)
Board of Review	2 100 00	1 177 75	(922 25)
Treasurer	13 920 00	13 690 36	(229 64)
Building and grounds	14 250 00	12 546 83	(1 703 17)
Cemetery	12 600 00	12 265 00	(335 00)
Unallocated	1 000 00	3 972 38	2 972 38
Public safety:			
Fire protection	20 350 00	20 397 67	47 67
First responders	2 000 00	970 94	(1 029 06)
Ambulance	11 100 00	10 936 06	(163 94)
Public works:			
Highways and streets	16 600 00	12 340 09	(4 259 91)
Other:			
Pension	3 000 00	2 568 33	(431 67)
Capital outlay	<u>2 500 00</u>	<u>1 701 48</u>	<u>(798 52)</u>
Total expenditures	<u>140 225 00</u>	<u>133 102 09</u>	<u>(7 122 91)</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASE
Presque Isle County, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND EXHIBIT C
Year Ended March 31, 2004 Page 2

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Excess of revenues over expenditures	1 744 00	23 803 60	22 059 60
Fund balance, April 1	-	<u>246 947 27</u>	<u>246 947 27</u>
Fund Balance, March 31	<u>1 744 00</u>	<u>270 750 87</u>	<u>269 006 87</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF CASE
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of Case, Presque Isle County, Michigan, conform to generally accepted accounting policies as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Case. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds and account groups, categorized and described as follows:

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Fiduciary Fund

The Current Tax Collection Fund is used to account for assets held as an agent for others.

Account Group

General Fixed Assets Account Group

This account group presents the fixed assets of the local unit utilized in its general operations.

TOWNSHIP OF CASE
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 28 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was 2.8307 mills and the taxable value was \$27,561,564.00.

Fixed Assets

Purchases of fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

Investments

Investments are stated at market.

TOWNSHIP OF CASE
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Township employees are not allowed to accumulate vacation and sick pay and therefore no accumulated amount is recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.

TOWNSHIP OF CASE
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Budgets and Budgetary Accounting (continued)

8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved the Township Board during the fiscal year.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Township provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated two banks for the deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

TOWNSHIP OF CASE
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS
March 31, 2004

Note 2 – Deposits and Investments (continued)

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>256 614 31</u>
Amounts in the bank balances are without considering deposits in transit or uncleared checks.	
	<u>Bank Balances</u>
Insured (FDIC)	123 612 72
Uninsured and Uncollateralized	<u>134 495 56</u>
Total Deposits	<u>258 108 28</u>

The Township of Case did not have any investments as of March 31, 2004.

Note 3 – Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 3/31/04</u>
Land and improvements	18 945 08	-	-	18 945 08
Buildings	144 351 29	-	-	144 351 29
Equipment	<u>246 591 38</u>	<u>1 701 48</u>	-	<u>248 292 86</u>
Totals	<u>409 887 75</u>	<u>1 701 48</u>	<u>-</u>	<u>411 589 23</u>

Note 4 – Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	<u>22 44</u>	Current Tax Collection	<u>22 44</u>
Total	<u>22 44</u>	Total	<u>22 44</u>

TOWNSHIP OF CASE
Presque Isle County, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 – Budget Variances

For the fiscal year ended March 31, 2004, Township expenditures exceeded the budgeted amounts in several activities as follows:

General Fund Activity:	<u>Total Budget</u>	<u>Total Expenditures</u>	<u>Excess Expenditures</u>
Assessor	25 625 00	27 150 04	1 525 04
Unallocated	1 000 00	3 972 38	2 972 38
Fire protection	20 350 00	20 397 67	47 67

Note 6 – Deferred Compensation Plan

The Township does not have a deferred compensation plan.

Note 7 – Pension Plan

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes a percentage of each covered employee's wages to the plan. Pension expense for the fiscal year ended March 31, 2004, was \$2,568.33.

Note 8 – Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 – Building Permits

The Township of Case does not issue building permits. Building permits are issued by the County of Presque Isle.

Note 10 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

TOWNSHIP OF CASE
Presque Isle County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 1

Township Board:	
Wages	1 900 00
Dues	487 62
Office supplies	946 19
	<u>3 333 81</u>
Supervisor:	
Salary	4 200 00
Supplies	106 17
	<u>4 306 17</u>
Elections:	
Wages	444 00
Mileage	40 00
Printing and publishing	61 20
	<u>545 20</u>
Assessor:	
Salary	11 878 08
Supplies	4 718 56
Reassessment cost	10 553 40
	<u>27 150 04</u>
Clerk:	
Salary	4 800 00
Deputy	100 00
Office Supplies	299 98
	<u>5 199 98</u>
Board of Review:	
Wages	840 00
Printing and publishing	337 75
	<u>1 177 75</u>
Treasurer:	
Salary	8 499 96
Deputy	184 00
Office supplies	2 653 89
Mileage	793 65
Printing and publishing	1 558 86
	<u>13 690 36</u>
Building and grounds:	
Wages	1 175 00
Operating supplies	396 53
Repairs and maintenance	5 929 44
Utilities	2 545 86
Insurance	2 500 00
	<u>12 546 83</u>

TOWNSHIP OF CASE
Presque Isle County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT
Year Ended March 31, 2004

EXHIBIT D
Page 2

Cemetery:	
Wages	7 307 00
Supplies	1 704 29
Miscellaneous	<u>3 253 71</u>
Unallocated:	<u>12 265 00</u>
Miscellaneous	<u>3 972 38</u>
Fire protection:	
Wages	3 500 00
Supplies	2 313 58
Insurance	3 984 00
Utilities	3 987 63
Repairs and maintenance	<u>6 612 46</u>
First responders:	<u>20 397 67</u>
Supplies	<u>970 94</u>
Ambulance:	
Contracted services	10 336 06
Meeting salary	<u>600 00</u>
Highways and streets:	<u>10 936 06</u>
Contracted services	11 790 09
Meeting salary	<u>550 00</u>
Pension	<u>12 340 09</u>
Capital outlay	<u>2 568 33</u>
Total Expenditures	<u>1 701 48</u>
	<u>133 102 09</u>

TOWNSHIP OF CASE
Presque Isle County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended March 31, 2004

EXHIBIT E

	<u>Balance</u> <u>4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
<u>Assets</u>				
Cash in Bank	<u>12 98</u>	<u>691 067 02</u>	<u>691 057 56</u>	<u>22 44</u>
<u>Liabilities</u>				
Due to other funds	12 98	71 934 46	71 925 00	22 44
Due to other units	-	619 132 56	619 132 56	-
Total Liabilities	<u>12 98</u>	<u>691 067 02</u>	<u>691 057 56</u>	<u>22 44</u>

TOWNSHIP OF CASE
Presque Isle County, Michigan

CURRENT TAX COLLECTION FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended March 31, 2004

EXHIBIT F

Cash on hand and in bank – beginning of year	<u>12 98</u>
Cash receipts:	
Current property tax	684 108 40
Property tax administration fees	6 804 32
Interest	154 30
Total cash receipts	<u>691 067 02</u>
Total beginning balance and cash receipts	<u>691 080 00</u>
Cash disbursements:	
Township General Fund	71 925 00
Presque Isle County	327 081 82
Onaway Area Schools	290 478 77
Refunds	1 571 97
Total cash disbursements	<u>691 057 56</u>
Cash on Hand and in Bank – End of Year	<u>22 44</u>

CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

MARK J. CAMPBELL, CPA
KENNETH P. KUSTERER, CPA

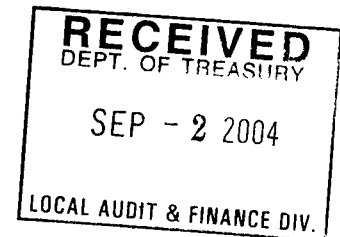
512 N. LINCOLN AVE. - SUITE 100
P.O. BOX 686
BAY CITY, MICHIGAN 48707

TEL (989) 894-1040
FAX (989) 894-5494

AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS

July 19, 2004

To the Township Board
Township of Case
Presque Isle County, Michigan



We have audited the financial statements of the Township of Case, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES

We conducted our audit of the financial statements of the Township of Case in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Township Board
Township of Case
Presque Isle County, Michigan

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are described in Note 1 to the financial statements.

OTHER COMMUNICATIONS

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Township Board
Township of Case
Presque Isle County, Michigan

GASB 34 IMPLEMENTATION

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Township of Case will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Township will be required to maintain additional records for the year end adjustments to the final presentation format.

COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY

Our procedures disclosed the following conditions that we would like to bring to your attention:

SEGREGATION OF DUTIES

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2004.

SUMMARY

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

Campbell, Kusterer: Co., P.C.

CAMPBELL, KUSTERER & CO., P.C.

Certified Public Accountants